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EC Council Favors Commodity Supply Agreement
with Egypt

EC foreign ministers gave general approval this week to a long-term commodity supply agreement with Cairo. One million tons of wheat--about one-seventh of EC wheat available for export--will be provided this crop year. Powdered skim milk, cheese, frozen beef, and sugar will also be included.

Council President Rumor announced that the agreement was being concluded for political reasons and that the Council did not intend to endorse further agreements of this type. Commissioner Lardinois apparently disagrees. His chief aide told the US mission in Brussels that the Commission intends to negotiate similar agreements with other North African and Middle Eastern countries. Israel, Algeria, and Morocco would be the most likely customers.

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British Trade Minister Visits Cuba
and Mexico

Trade Minister Peter Shore begins a ten day visit to Mexico and Cuba today. The visits are generally aimed at increasing exports to these countries. The British are banking on an export led recovery to lead them out of recession and are leaving no stone unturned.

Cuba is the primary reason for the trip. Shore is responding to an invitation extended earlier this year by Deputy Prime Minister Carlos Rafael Rodriguez, the top Cuban official responsible for foreign political and economic ties. The visit is the first by a British cabinet minister since Castro came to power and the Cubans will probably try to give it a political complexion. Britain, however, is essentially interested in expanding exports and specifically added the Mexican visit for political balance.

Trade between Britain and each of the two Latin American countries has been growing in recent years and the balance has been consistently in the UK's favor.

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Italy's Christian Democrats Still at Odds

Nearly five months after the Communist Party's sharp gains in nationwide regional and local elections, Italy's Christian Democrats are still far from agreement on how to prevent the Communists from repeating their success in scattered local elections this spring and in the 1977 parliamentary race.

In fact, the question of how to reverse the trend toward the Communists has tended to polarize the Christian Democrats into two camps. One group centers around Prime Minister Moro and interim party leader Zaccagnini and includes most of the party's traditional left wing as well as some centrists, like Foreign Minister Rumor, who have gravitated toward the left since the June elections. These Christian Democrats share the conviction that their party will have to shift its policies to the left and draw the Communists into a "competitive dialogue" in order to compete with them successfully at the polls. The Moro-Zaccagnini group wants to define the differences between the Christian Democrats and Communists in terms of tangible issues more than ideology, on the assumption that anti-communism per se has declining appeal for the country's discontented voters.

The opposing group appears somewhat stronger numerically and draws most of its support from the party right and the remainder of the traditional center. These leaders-including former Christian Democratic chief Fanfani, Budget Minister Andreotti and Defense Minister Forlani-believe that party policy should continue to center on the unanimous

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'opposition' to the Communists expressed by the 1973 Christian Democratic congress. This group fears that, shifting the emphasis to a policy of 'dialogue' with the Communists would only enhance their respectability and lead ultimately to broader collaboration with them.

The fact that advocates of the 'dialogue' thesis now occupy the top posts in both the party and the government appears to be encouraging the centrists to try to substitute one of their own-Defense Minister Forlani is the frontrunner-for Zaccagnini as party leader. Zaccagnini was never a major contender for the top party post but agreed to take the job on a temporary basis three months ago when the Christian Democrats could not agree on a successor after ousting Fanfani.

Until recently, most Christian Democrats have agreed that Zaccagnini should remain at the helm until the yet-to-be-scheduled party congress, but some of Forlani's supporters seem to be urging him to advance his own candidacy when the Christian Democratic national council-the party's principal deliberative body-meets later this month. They maintain that the party needs more than a temporary leader as it prepares for the local elections this spring that will involve about a quarter of the voters.

Forlani is probably reluctant to risk deepening the divisions within the party by challenging Zaccagnini so soon. Although Forlani could probably command a majority in the national council if he forced a showdown now, he may be reluctant to risk an internal split similar to the one that complicated Christian Democratic preparations for the June elections. The party's leadership and policies would be opposed by its own left-wing at a time when the Christian Democrats' major task is to improve their standing with an electorate that is leaning increasingly toward the left.

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Both the Socialists and Communists are watching the Christian Democratic internal struggle carefully. The Socialists are hoping that the Christian Democrats will eventually agree to an arrangement, such as formalized consultations with the Communists, that would limit the latter's ability to exploit discontent with unpopular government decisions. The provision for consultations is one of the conditions the Socialists placed on their renewed collaboration with the Christian Democrats in the national government.

The Communists, for their part, are avoiding actions that could increase political uncertainties while they are attempting to consolidate their recent gains. This is best seen in the Communists' reluctance to challenge the fragile Moro government. The Communists recently hinted, for example, that they would abstain rather than vote against Moro in an upcoming parliamentary vote on the government's budget. [REDACTED]

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Strauss Anticipates SPD-FDP Coalition To Remain
in Office

Franz Josef Strauss, the leader of the opposition Christian Social Union, appears to have written off the chances of the conservative opposition to win the national election in West Germany next year.

Strauss told Ambassador Hillenbrand on November 6 that he believes Chancellor Helmut Schmidt's Social Democrats and the Free Democrats will be able to reform their coalition government after the election.

Strauss predicted that the Christian Democratic Union and its Bavarian affiliate, the Christian Social Union, will once again win a plurality of the votes, but said that it would be extremely difficult for the opposition to win the absolute majority it will need to form a government.

The election is still eleven months off, but it appears that Strauss is correct in predicting that neither of the major parties will win a majority of the votes. It also now appears likely that the Free Democrats will opt to form a coalition with the Social Democrats rather than with the Christian Democratic/Christian Social Union.

Some observers believe that Strauss wrote off the opposition's chances of forming a government in 1976 when the Christian Democrats selected Helmut Kohl to be their chancellor candidate. Strauss' remarks to the ambassador confirm that he has less than a positive view of Kohl.

Strauss acknowledged that Kohl is a capable politician, but pointed out that he lacks experience on the national level, and criticized Kohl for

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being indecisive on major issues. Strauss implied that he does not expect Kohl to improve his performance prior to the election.

Strauss stated that the opposition's chances for success next year are also impaired because the Christian Democrats and his Bavarian party have differences concerning foreign and economic policies. He was very critical of two prominent Christian Democratic leaders, and suggested that he was leading an effort to have at least one of them replaced.

Strauss, the most controversial politician figure in West Germany, is the cause of much of the opposition's disunity. He is a relentless advocate of conservative views, and has a penchant for criticizing and contradicting Christian Democratic leaders that has frequently embroiled the opposition in public controversy.

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